

## Gas Malaysia (GMB MK)

3Q25: Results In Line; Lower NG Prices And Volumes

### Highlights

- GMB reported a moderated 3Q25 core net profit of RM95m (-18% yoy; -4% qoq) on the back of weaker NG prices and volumes. This brings 9M25 core net profit to RM294m, making up 74% and 72% of house and the street's estimates respectively.
- Results are in line with expectations.
- Maintain HOLD with a DDM-based target price of RM4.25.

### 3Q25 Results

| Year to 31 Dec (RMm) | 3Q2 5 (RMm) | 3Q24 (RMm) | qoq % chg | yoy % chg | 9M25 (RMm) | yoy % chg |
|----------------------|-------------|------------|-----------|-----------|------------|-----------|
| Turnover             | 1,874.7     | 2,131.6    | 4.0       | (12.0)    | 5,521.8    | (7.8)     |
| COGS                 | (1,703.7)   | (1,950.8)  | 4.4       | (12.7)    | (5,028.7)  | (8.3)     |
| EBITDA               | 161.7       | 179.1      | 3.9       | (9.7)     | 334.0      | (5.9)     |
| Pre-Tax Profit       | 131.9       | 155.4      | (0.5)     | (15.2)    | 397.2      | (10.2)    |
| Tax                  | (36.8)      | (39.4)     | 10.3      | (6.8)     | (102.8)    | (9.3)     |
| Reported Net Profit  | 95.1        | 116.0      | (4.1)     | (18.0)    | 294.4      | (10.4)    |
| Core net profit      | 95.1        | 116.0      | (4.1)     | (18.0)    | 294.4      | (10.4)    |
| NG Volume (GJ m)     | 40.6        | 43.1       | 6.0       | (5.8)     | 117.1      | (1.7)     |
| NG Price (RM/mmbtu)  | 39.2        | 39.7       | (1.1)     | (6.6)     | 39.8       | (6.5)     |
|                      |             |            | +/- ppt   |           |            | +/- ppt   |
| EBITDA Margin (%)    | 8.6         | 8.4        | (0.0)     |           | 8.6        | 0.2       |
| PBT Margin (%)       | 7.0         | 7.3        | (0.3)     |           | 7.2        | (0.2)     |
| Net Margin (%)       | 5.1         | 5.4        | (0.4)     |           | 5.3        | (0.2)     |

Source: Gas Malaysia, UOB Kay Hian

### Analysis

- A weak 3Q25.** Gas Malaysia (GMB) reported a moderated 3Q25 core net profit of RM95m, down 18% yoy and 4% qoq. The earnings weakness was due to: a) weaker natural gas (NG) prices (-7% yoy; -1% qoq); b) lower NG volumes (-6% yoy; +6% qoq); c) elevated finance costs, and d) losses from JV companies.
- 9M25 results in line.** This brings 9M25 core net profit to RM294m (-10% yoy). Accounting for 74% and 72% of house and the street's estimates respectively, we deem the results to be in line with expectations.

### Key Financials

| Year to 31 Dec (RMm)          | 2023   | 2024   | 2025F  | 2026F | 2027F |
|-------------------------------|--------|--------|--------|-------|-------|
| Net turnover                  | 8,079  | 8,045  | 7,670  | 8,379 | 8,798 |
| EBITDA                        | 590    | 687    | 652    | 704   | 739   |
| Operating profit              | 487    | 577    | 519    | 560   | 584   |
| Net profit (rep./act.)        | 383    | 438    | 400    | 428   | 446   |
| Net profit (adj.)             | 363    | 438    | 400    | 428   | 446   |
| EPS (sen)                     | 28.3   | 34.1   | 31.2   | 33.3  | 34.6  |
| PE (x)                        | 15.6   | 12.6   | 14.1   | 12.9  | 12.4  |
| P/B (x)                       | 4.1    | 3.8    | 3.6    | 3.3   | 3.1   |
| EV/EBITDA (x)                 | 8.8    | 7.6    | 8.2    | 7.6   | 7.3   |
| Dividend yield (%)            | 5.2    | 5.9    | 5.6    | 5.8   | 6.0   |
| Net margin (%)                | 4.7    | 5.4    | 5.2    | 5.1   | 5.1   |
| Net debt/(cash) to equity (%) | (26.2) | (20.7) | (11.2) | (8.9) | (6.5) |
| Interest cover (x)            | n.a.   | n.a.   | n.a.   | n.a.  | n.a.  |
| ROE (%)                       | 29.0   | 30.5   | 25.8   | 26.8  | 27.0  |
| Consensus net profit          |        |        | 408.6  | 412.8 | 416.8 |
| UOBKH/Consensus (x)           |        |        | 0.98   | 1.01  | 1.00  |

Source: Gas Malaysia, Bloomberg, UOB Kay Hian

**HOLD** (Maintained)

|              |        |
|--------------|--------|
| Share Price  | RM4.29 |
| Target Price | RM4.25 |
| Upside       | -0.9%  |

**Analyst(s)**

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### Stock Data

|                                |           |
|--------------------------------|-----------|
| <b>GICS Sector</b>             | Utilities |
| Bloomberg ticker               | GMB MK    |
| Shares issued (m)              | 1,284.0   |
| Market cap (RMm)               | 5,508.4   |
| Market cap (US\$m)             | 1,328.1   |
| 3-mth avg daily t'over (US\$m) | 1.6       |

### Price Performance (%)

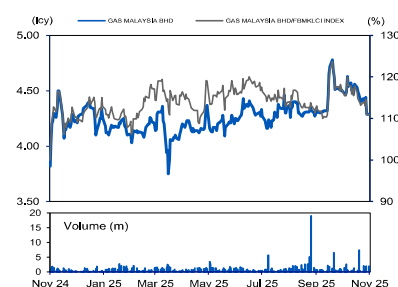
52-week high/low **RM4.88/RM3.66**

| 1mth  | 3mth  | 6mth  | 1yr  | YTD |
|-------|-------|-------|------|-----|
| (4.7) | (1.4) | (1.8) | 12.6 | 0.0 |

### Major Shareholders

|                           | %    |
|---------------------------|------|
| Anglo Oriental Annuities  | 30.9 |
| Tokyo Gas-Mitsui          | 18.5 |
| Petronas Gas              | 14.8 |
| FY25F NAV/Share (RM)      | 1.24 |
| FY25F Net Cash/Share (RM) | 0.14 |

### Price Chart



Source: Bloomberg

### Company Description

Supplies natural gas to industries in Peninsular Malaysia.

- **3Q25 revenue fell 12% yoy but rose 4% qoq** on the back of lower NG prices (-7% yoy) and sales volume (-6% yoy). This was partly offset by healthier tolling fee contributions (+12% yoy). In the quarter, total industrial customers stood at 1,009 with additional contract wins outstripping contract/customer losses. Rubber gloves remain the biggest customer for the group.
- **Sequentially, NG volumes recovered** from a low base of 38.3m GJ in 2Q25 to 40.6m GJ in 3Q25. This was partly offset by a 1% qoq drop in gas prices.
- **3Q25 EBITDA margin was stable at 8.6%.**

## Valuation/Recommendation

- **Maintain HOLD with a DDM-based target price of RM4.25.** The stock offers a 5.6% dividend yield for 2025, and cash flow remains healthy.

## Earnings Revision/Risk

- No changes to earnings.
- **4Q25 may see lower NG prices**, and while it is still early in the quarter, NG volumes are generally quite stable sequentially.
- **A key risk to earnings and profit margins** is intensifying competition from additional shippers in the NG distribution industry. While overall Peninsular Malaysia NG volumes are expected to continue growing yoy (average NG volume growth is expected at 2-5% annually), we expect intensifying competition as new shipper licences are being issued in Malaysia. This may adversely impact the retail margin of existing shippers, including GMES (retail subsidiary of GMB) and even Petronas and Shell.

## Environmental, Social, Governance (ESG)

### Environmental

- The group generates electricity through gas-powered combined heat and power systems (CHP) through its JV entities, which are highly efficient and produce less emissions. CHP systems utilise 32% less fuel and have 50% less annual carbon emissions than coal.
- NG is among the cleanest forms of fossil fuels, emitting up to 50% less carbon dioxide than coal.

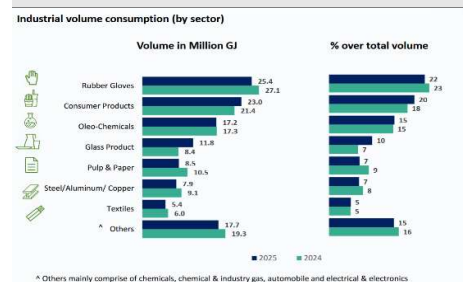
### Social

- Organised a CSR programme in collaboration with the local community at Kampung Pos Bersih, Behrang, Perak. Activities included planting fruit saplings, cleaning the river and distributing Bakul Rezeki to approximately 40 underprivileged families, with a focus on the Orang Asli community. GMB contributed RM14,212.45 to this initiative.
- Established a collaborative partnership with YPM to provide support for the education of underprivileged B40 students. GMB contributed RM407,000 to this initiative, benefitting 1,100 B40 students.

### Governance

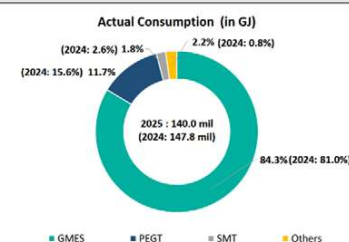
- Good company transparency along with an anti-bribery and anti-corruption policy.

## Industrial Customer Breakdown



Source: Gas Malaysia

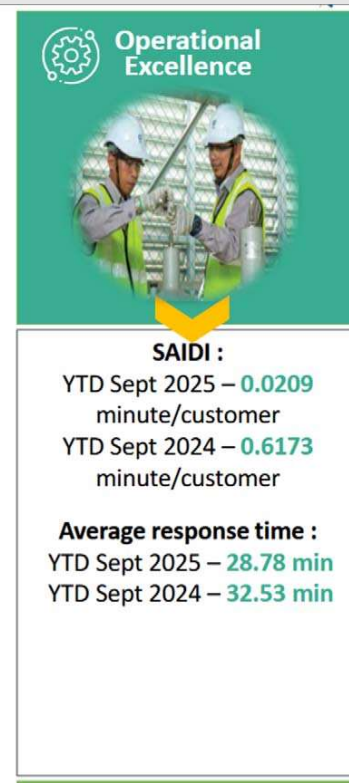
## Retail Market Share



Overall actual consumption is 75% (2024: 78%) of the total RFC.

Source: Gas Malaysia

## Key Operational Highlights (3Q25)



Source: Gas Malaysia

### Profit & Loss

| Year to 31 Dec (RMm)          | 2024         | 2025F        | 2026F        | 2027F        |
|-------------------------------|--------------|--------------|--------------|--------------|
| <b>Net turnover</b>           | <b>8,045</b> | <b>7,670</b> | <b>8,379</b> | <b>8,798</b> |
| EBITDA                        | 687          | 652          | 704          | 739          |
| Deprec. & amort.              | 109          | 133          | 144          | 155          |
| EBIT                          | 577          | 519          | 560          | 584          |
| Associate contributions       | 4            | 4            | 4            | 4            |
| Net interest income/(expense) | 9            | 11           | 7            | 6            |
| <b>Pre-tax profit</b>         | <b>590</b>   | <b>534</b>   | <b>570</b>   | <b>594</b>   |
| Tax                           | (152)        | (133)        | (143)        | (149)        |
| Minorities                    | 0            | 0            | 0            | 0            |
| <b>Net profit</b>             | <b>438</b>   | <b>400</b>   | <b>428</b>   | <b>446</b>   |
| Net profit (adj.)             | 438          | 400          | 428          | 446          |

### Balance Sheet

| Year to 31 Dec (RMm)                  | 2024         | 2025F        | 2026F        | 2027F        |
|---------------------------------------|--------------|--------------|--------------|--------------|
| Fixed assets                          | 1,889        | 2,081        | 2,262        | 2,431        |
| Other LT assets                       | 220          | 220          | 220          | 220          |
| Cash/ST investment                    | 744          | 659          | 683          | 698          |
| Other current assets                  | 822          | 789          | 863          | 908          |
| <b>Total assets</b>                   | <b>3,674</b> | <b>3,749</b> | <b>4,027</b> | <b>4,257</b> |
| ST debt                               | 152          | 152          | 152          | 152          |
| Other current liabilities             | 1,486        | 1,424        | 1,553        | 1,629        |
| LT debt                               | 280          | 330          | 380          | 430          |
| Other LT liabilities                  | 251          | 251          | 251          | 251          |
| Shareholders' equity                  | 1,506        | 1,592        | 1,692        | 1,796        |
| Minority interest                     | 0            | 0            | 0            | 0            |
| <b>Total liabilities &amp; equity</b> | <b>3,674</b> | <b>3,749</b> | <b>4,027</b> | <b>4,257</b> |

### Cash Flow

| Year to 31 Dec (RMm)                        | 2024         | 2025F        | 2026F        | 2027F        |
|---------------------------------------------|--------------|--------------|--------------|--------------|
| <b>Operating</b>                            | <b>519</b>   | <b>505</b>   | <b>626</b>   | <b>631</b>   |
| Pre-tax profit                              | 593          | 534          | 570          | 594          |
| Tax                                         | (152)        | (133)        | (143)        | (149)        |
| Deprec. & amort.                            | 109          | 133          | 144          | 155          |
| Associates                                  | (4)          | (4)          | (4)          | (4)          |
| Working capital changes                     | 78           | (24)         | 58           | 34           |
| Other operating cashflows                   | (105)        | 0            | 0            | 0            |
| <b>Investing</b>                            | <b>(222)</b> | <b>(325)</b> | <b>(325)</b> | <b>(325)</b> |
| Capex (growth)                              | (222)        | (325)        | (325)        | (325)        |
| Others                                      | 0            | 0            | 0            | 0            |
| <b>Financing</b>                            | <b>(237)</b> | <b>(265)</b> | <b>(278)</b> | <b>(291)</b> |
| Dividend payments                           | (335)        | (315)        | (328)        | (341)        |
| Issue of shares                             | (3)          | 0            | 0            | 0            |
| Proceeds from borrowings                    | 101          | 50           | 50           | 50           |
| Others/interest paid                        | 0            | 0            | 0            | 0            |
| <b>Net cash inflow (outflow)</b>            | <b>60</b>    | <b>(85)</b>  | <b>24</b>    | <b>15</b>    |
| <b>Beginning cash &amp; cash equivalent</b> | <b>692</b>   | <b>744</b>   | <b>659</b>   | <b>683</b>   |
| Changes due to forex impact                 | 0            | 0            | 0            | 0            |
| <b>Ending cash &amp; cash equivalent</b>    | <b>752</b>   | <b>659</b>   | <b>683</b>   | <b>698</b>   |

### Key Metrics

| Year to 31 Dec (%)        | 2024   | 2025F  | 2026F | 2027F |
|---------------------------|--------|--------|-------|-------|
| <b>Profitability</b>      |        |        |       |       |
| EBITDA margin             | 8.5    | 8.5    | 8.4   | 8.4   |
| Pre-tax margin            | 7.3    | 7.0    | 6.8   | 6.8   |
| Net margin                | 5.4    | 5.2    | 5.1   | 5.1   |
| ROA                       | 12.7   | 10.8   | 11.1  | 11.2  |
| ROE                       | 30.5   | 25.8   | 26.8  | 27.0  |
| <b>Growth</b>             |        |        |       |       |
| Turnover                  | (0.4)  | (4.7)  | 9.2   | 9.4   |
| EBITDA                    | 16.3   | (5.1)  | 8.0   | 7.6   |
| Pre-tax profit            | 13.8   | (9.6)  | 6.9   | 0.7   |
| Net profit                | 14.3   | (8.7)  | 6.9   | 1.7   |
| Net profit (adj.)         | 20.6   | (8.7)  | 6.8   | 1.5   |
| EPS                       | 20.6   | (8.7)  | 6.8   | 1.5   |
| <b>Leverage</b>           |        |        |       |       |
| Debt to total capital     | 28.7   | 30.3   | 31.4  | 32.4  |
| Debt to equity            | 28.7   | 30.3   | 31.4  | 32.4  |
| Net debt/(cash) to equity | (20.7) | (11.2) | (8.9) | (6.5) |
| Interest cover (x)        | n.a.   | n.a.   | n.a.  | n.a.  |

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